35th Annual Report

Northwest Territories Liquor Commission

35th
Annual Report

April 1, 1988 to March 31, 1989

Northwest Territories
Liquor Commission

Northwest Territories

Photo Captions:
Front Cover: Sea ice at Chesterfield Inlet
Page 3: Cameron River near Yellowknife.
Pages 16-17: Pingo near Tuktoyaktuk

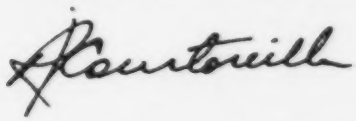
Honourable Tom Butters
Minister of Government Services
Government of the Northwest Territories
Yellowknife, N.W.T.

Dear Mr. Minister:

Pursuant to Section 74 of the Liquor Act, I am pleased to submit the thirty-fifth Annual Report for the fiscal year ended March 31, 1989.

I wish to express my thanks to all of our staff for their support and contribution to the progress of the N.W.T. Liquor Commission during the past year.

Respectfully submitted,



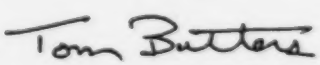
R.J. Courtoreille,
General Manager

Members of the Legislative Assembly
of the Northwest Territories
Yellowknife, N.W.T.

Dear Colleagues:

I am pleased to present herewith, for the information of the members of the Legislative Assembly, the thirty-fifth Annual Report of the Liquor Commission for the fiscal year ended March 31, 1989.

Respectfully submitted,



Tom Butters
Minister of Government Services

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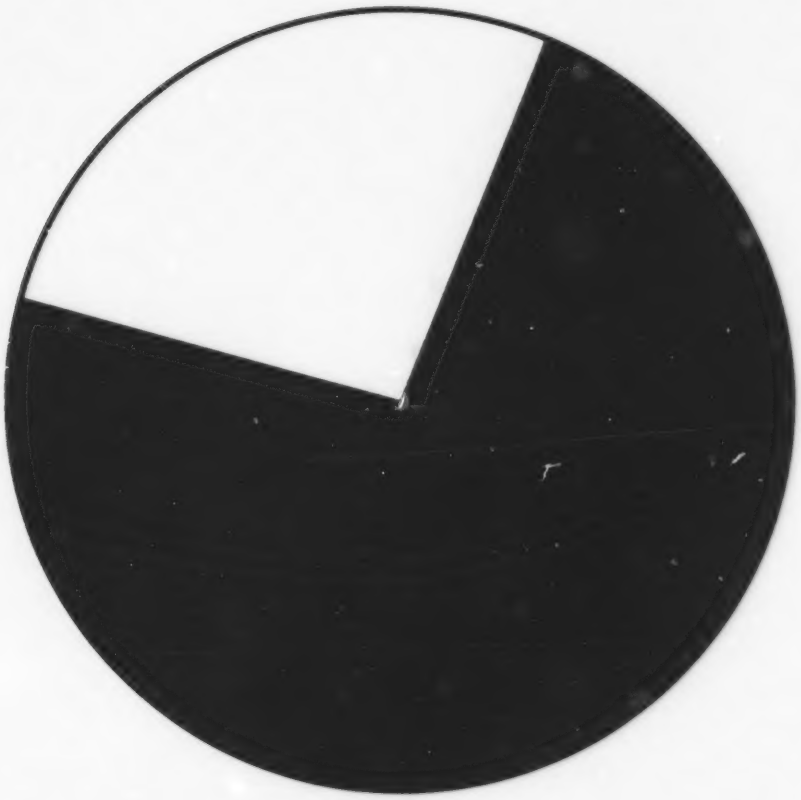
Northwest Territories Liquor Commission

SALES HIGHLIGHTS

YEAR ENDING MARCH 31	SALES	GROSS PROFIT	GROSS PROFIT % of SALES	% INCREASE in SALES
1969	3,981,842	2,060,746	51.8	15.0
1970	4,783,210	2,334,611	48.8	20.1
1971	5,589,192	2,673,637	47.6	16.8
1972	6,509,583	3,107,027	47.7	16.4
1973	7,496,179	3,585,040	47.7	15.2
1974	8,704,102	4,252,030	48.8	16.1
1975	9,574,266	4,864,861	50.8	9.9
1976	10,981,708	5,081,679	46.3	14.7
1977	11,280,747	5,061,090	44.9	2.7
1978	12,150,944	5,241,284	43.1	7.7
1979	12,783,114	5,992,823	46.9	5.2
1980	13,379,588	6,604,938	49.4	4.7
1981	15,184,548	7,289,791	48.0	13.5
1982	17,750,366	8,154,080	45.9	16.9
1983	20,199,370	9,025,756	44.7	13.8
1984	22,060,442	10,212,125	46.3	9.2
1985	23,516,872	10,999,020	46.8	6.6
1986	24,925,453	11,831,338	48.2	6.0
1987	24,092,337	11,818,319	49.1	(3.4)
1988	25,394,451	12,227,965	48.2	5.4
1989	26,324,530	13,478,972	51.2	3.7

Revenue From Sale of Liquor
(000's)



- Spirit Sales to Public (35.7%) — $9,395
- Wine Sales to Public (7.1%) — $1,866
- Beer Sales to Public (22.2%) — $5,838
- Beer Sales to Licensees (24.3%) — $6,398
- Spirit and Wine Sales to Licensees (10.7%) — $2,828

Northwest Territories Liquor Commission

LITRES OF LIQUOR SOLD

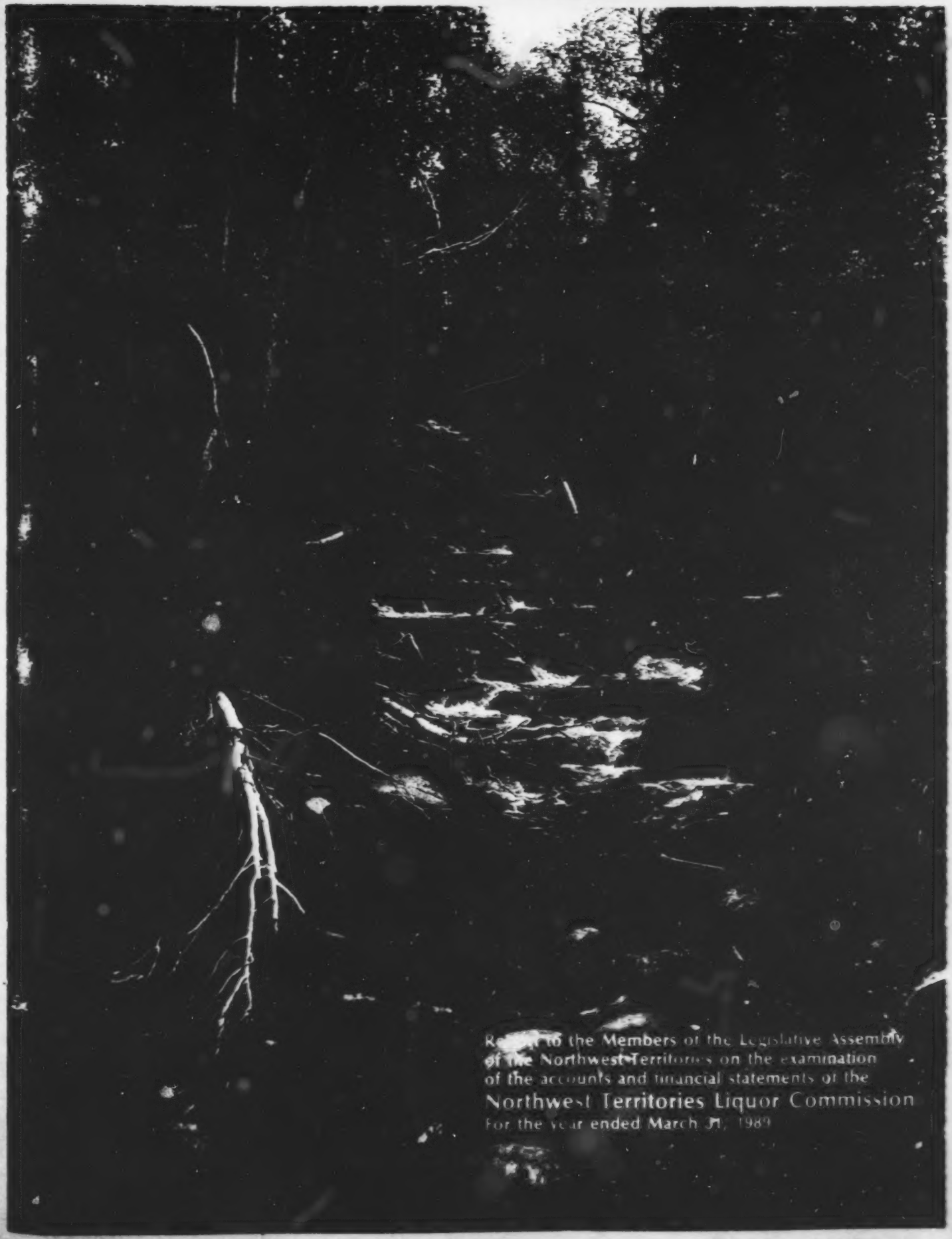
			1988/89	1987/88	
	Domestic	Imported	Total	Total	% Change
Spirits	458,900	75,789	534,689	495,306	7.9
Wine	95,091	168,115	263,207	272,882	(3.6)
Beer	4,156,700	29,627	4,186,328	4,206,859	(.4)
	4,710,691	273,531	4,984,224	4,975,047	.1
Litres Absolute					
Alcohol			452,145	438,481	3.1

Litres of Liquor Sold

Beer 84.0% Spirits 10.7% Wine 5.3%

Litres of Absolute Alcohol Sold

Beer 46.3% Spirits 47.3% Wine 6.4%



Report to the Members of the Legislative Assembly
of the Northwest Territories on the examination
of the accounts and financial statements of the

Northwest Territories Liquor Commission

For the year ended March 31, 1989

AUDITOR'S REPORT

To the Minister responsible for the
Northwest Territories Liquor Commission

I have examined the balance sheet of the Northwest Territories Liquor Commission as at March 31, 1989 and the statements of income and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice have, in all significant respects, been in accordance with the Financial Administration Act and regulations, and the Northwest Territories Liquor Act and regulations.

Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 16, 1989

Northwest Territories Liquor Commission

Balance Sheet
as at March 31, 1989

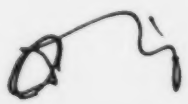
ASSETS

	1989	1988
	(in thousands of dollars)	
Cash	$ 699	$ 3,714
Accounts receivable	20	23
Inventories	3,719	3,238
	$ 4,438	$ 6,975

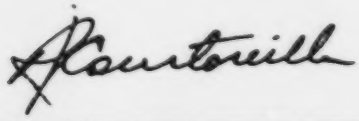
LIABILITIES

Accounts payable	$ 1,041	$ 1,943
Accrued employee leave and termination benefits	84	113
Due to the Government of the Northwest Territories (Note 3)	3,313	4,919
	$ 4,438	$ 6,975

Approved by Management:



K. Reid
Manager, Finance and Operations



R. Courtoreille
General Manager

Northwest Territories Liquor Commission

Statement of Income
for the year ended March 31, 1989

	1989				1988
	Spirits	Wine	Beer	Total	Total
	(in thousands of dollars)				
Sales	$11,513	$ 2,575	$12,236	$26,324	$25,395
Less discounts on sales	217	61	162	440	419
	11,296	2,514	12,074	25,884	24,976
Cost of goods sold (Note 4)	4,483	922	7,139	12,544	12,748
Gross profit	$ 6,813	$ 1,592	$ 4,935	13,340	12,228
Import fees and other income				139	131
				13,479	12,359
Expenses					
Salaries, wages and employee benefits				861	940
Commissions to agents				664	569
Utilities				100	101
Communications, postage, stationery and supplies				106	91
Travel				58	40
Rent				42	38
Miscellaneous				33	23
Grants in lieu of taxes				22	
Repairs and maintenance				20	25
Insurance				19	21
Breakage and spoilage				12	11
Computer services				11	16
				1,948	1,875
Net income for the year transferable to the Government of the Northwest Territories (Note 3)				$11,531	$ 10,484

Northwest Territories Liquor Commission

Statement of Changes in Financial Position
for the year ended March 31, 1989

	1989	1988
	(in thousands of dollars)	
Operating activities		
Net income	$11,531	$10,484
Salaries, wages and employee benefits paid by the Government of the Northwest Territories	863	903
	12,394	11,387
Changes in non-cash balance sheet items:		
(Decrease) increase in accounts payable and accrued employee leave and termination benefits	(931)	961
Decrease in accounts receivable	3	57
(Increase) decrease in inventories	(481)	340
Cash provided by operating activities	10,985	12,745
Cash transferred to the Government of the Northwest Territories	14,000	11,000
Net decrease (increase) in cash	(3,015)	1,745
Cash at beginning of the year	3,714	1,969
Cash at end of the year	$ 699	$ 3,714

Northwest Territories Liquor Commission

Notes to Financial Statements
March 31, 1989

1. Operations

The Northwest Territories Liquor Commission is responsible for the operation of liquor stores and the purchase, sale and distribution of liquor in the Northwest Territories under Part II of the Northwest Territories Liquor Act. The Commission is authorized by the Legislative Assembly to receive working capital advances from time to time not exceeding $5,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles and applied on a basis consistent with that of the preceding year. A summary of the significant accounting policies of the Commission is as follows:

Inventories

Inventories are valued at the landed cost at each liquor store.

Fixed assets

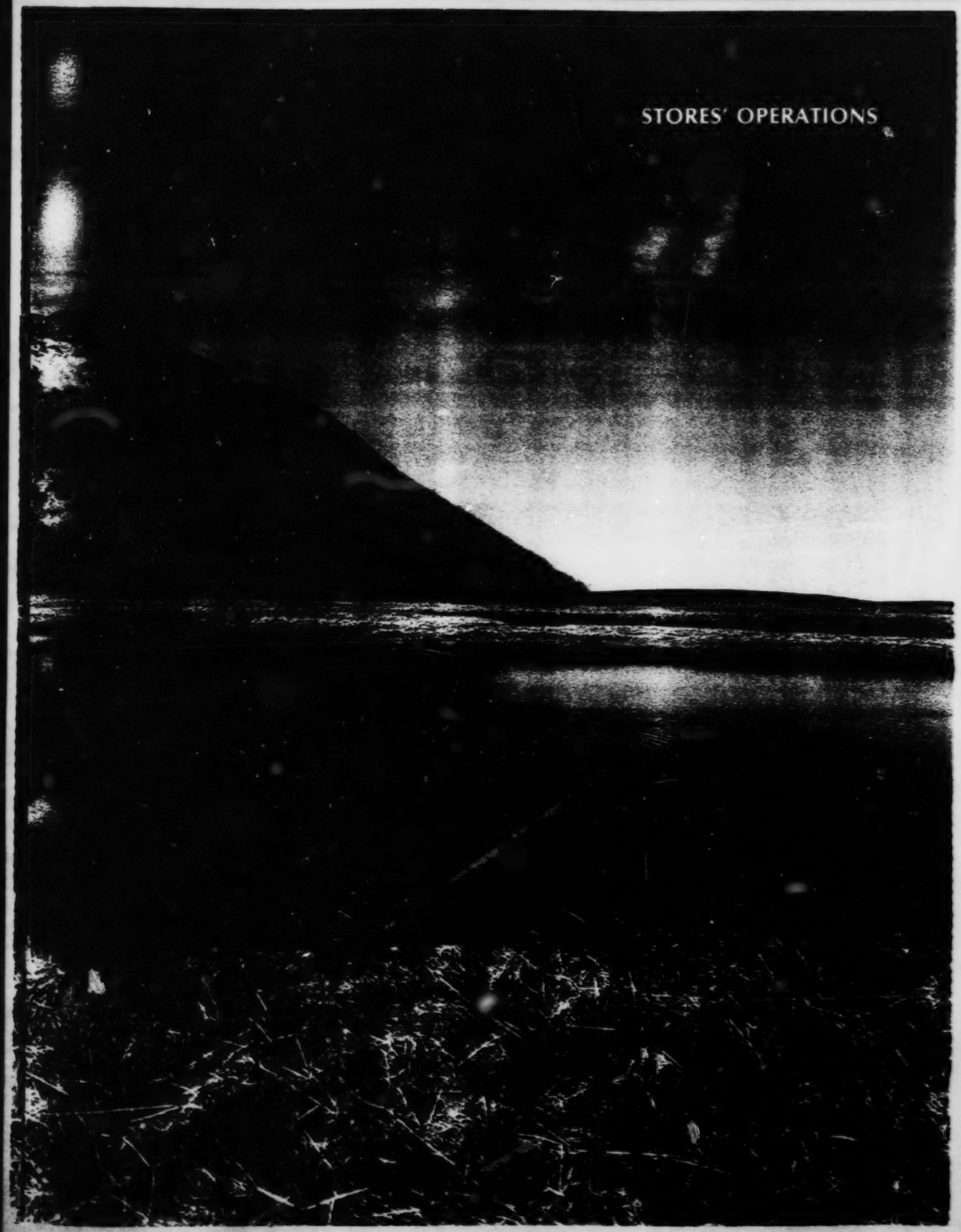
Buildings, furnishings and fixtures, are owned and paid for by the Government of the Northwest Territories, are provided for the use of the Commission without charge and are not reflected in the financial statements.

3. Due to the Government of the Northwest Territories

	1989	1988
	(in thousands of dollars)	
Balance at beginning of the year	$ 4,919	$ 4,532
Net income for the year	11,531	10,484
Salaries, wages and benefits paid by the Government	863	903
	17,313	15,919
Net transfer of funds to the Government	14,000	11,000
Balance at end of the year	$ 3,313	$ 4,919

4. Cost of goods sold

	1989				1988
	Spirits	Wine	Beer	Total	Total
	(in thousands of dollars)				
Inventories at beginning of the year	$ 1,864	$ 660	$ 714	$ 3,238	$ 3,578
Purchases	4,418	906	6,057	11,381	10,913
Freight	248	241	1,155	1,644	1,495
	6,530	1,807	7,926	16,263	15,986
Less: Inventories at end of the year	2,047	885	787	3,719	3,238
	$ 4,483	$ 922	$ 7,139	$12,544	$12,748


STORES' OPERATIONS

Northwest Territories Liquor Commission

YELLOWKNIFE OPERATION

Statement of Operations
for year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales	$ 5,342	1,663	5,763	12,768	11,829
Less: Sales Discounts	217	61	162	440	419
Net Sales	5,125	1,602	5,601	12,328	11,410
Cost of Goods Sold: Beginning Inventory	529	281	257	1,067	1,550
Purchases	2,119	613	2,935	5,667	4,851
Freight	92	152	293	537	379
Cost of Goods Available	2,740	1,046	3,485	7,271	6,780
Ending Inventory	700	369	368	1,437	1,067
Cost of Goods Sold	2,040	677	3,117	5,834	5,713
Gross Income	3,085	925	2,484	6,494	5,697
Other Income				1	0
Gross Income				6,495	5,697
Operating Expenses				160	160
NET INCOME:				6,335	5,537

Northwest Territories Liquor Commission

INUVIK OPERATION

Statement of Operations
for the year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales	2,514	280	1,633	4,427	4,067
Cost of Goods Sold:					
Beginning Inventory	630	109	171	910	780
Purchases	870	97	858	1,825	1,908
Freight	64	32	273	369	316
Cost of Goods Available	1,564	238	1,302	3,104	3,004
Ending Inventory	581	107	232	920	910
Cost of Goods Sold	983	131	1,070	2,184	2,094
Gross margin	1,531	149	563	2,243	1,973
Other Income				2	1
Gross Income				2,245	1,974
Operating Expenses				392	314
NET INCOME				1,853	1,660

Northwest Territories Liquor Commission

HAY RIVER OPERATION

Statement of Operations
for the year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales	1,485	222	1,725	3,432	3,228
Cost of Goods Sold:					
Beginning Inventory	325	110	77	512	401
Purchases	384	209	788	1,381	1,515
Freight	12	12	64	88	93
Cost of Goods Available	721	331	929	1,981	2,009
Ending Inventory	256	294	54	604	512
Cost of Goods Sold	465	37	875	1,377	1,497
Gross Margin	1,020	185	850	2,055	1,731
Other Income				8	10
Gross Income				2,063	1,741
Operating Expenses				310	287
NET INCOME				1,753	1,454

Northwest Territories Liquor Commission

NORMAN WELLS OPERATION

Statement of Operations
for the year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales	462	62	450	974	1,059
Cost of Goods Sold:					
Beginning Inventory	136	27	120	283	236
Purchases	207	24	184	415	524
Freight	18	8	62	88	122
Cost of Goods Available	361	59	366	786	882
Ending Inventory	166	27	54	247	283
Cost of Goods Sold	195	32	312	539	599
Gross Margin	267	30	138	435	460
Other Income				0	0
Gross Income				435	460
Operating Expenses				99	86
NET INCOME				336	374

Northwest Territories Liquor Commission

FORT SMITH OPERATION

Statement of Operations
for the year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales	507	194	738	1,439	1,568
Cost of Goods Sold:					
Beginning Inventory	84	49	31	164	140
Purchases	177	50	372	599	652
Freight	13	8	40	61	56
Cost of Goods Available	274	107	443	824	848
Ending Inventory	76	29	37	142	165
Cost of Goods Sold	198	78	406	682	683
Gross Margin	309	116	332	757	885
Other Income				7	1
Gross Income				764	886
Operating Expenses				97	142
NET INCOME				667	744

Northwest Territories Liquor Commission

FORT SIMPSON OPERATION

Statement of Operations
for the year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales	721	35	453	1,209	1,079
Cost of Goods Sold:					
Beginning Inventory	41	9	25	75	60
Purchases	260	11	239	510	425
Freight	19	2	25	46	34
Cost of Goods Available	320	22	289	631	519
Ending Inventory	46	7	39	92	75
Cost of Goods Sold	274	15	250	539	444
Gross Margin	417	20	203	670	635
Other Income				2	0
Gross Income				670	635
Operating Expenses				124	111
NET INCOME				546	524

Northwest Territories Liquor Commission

IQALUIT OPERATION

Statement of Operations
for the year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales	483	118	1,206	1,807	1,714
Cost of Goods Sold:					
Beginning Inventory	95	69	13	177	201
Purchases	314	50	515	879	725
Freight	34	27	339	400	402
Cost of Goods Available	443	146	867	1,456	1,328
Ending Inventory	222	51	3	276	177
Cost of Goods Sold	221	95	864	1,180	1,151
Gross Margin	262	23	342	627	563
Other Income				1	2
Gross Income				628	565
Operating Expenses				163	132
NET INCOME				465	433

Northwest Territories Liquor Commission

CAMBRIDGE BAY OPERATION

Statement of Operations
for the year ended March 31, 1989
(000's)

	1989				1988
	Spirits	Wine	Beer	Total	Total
Sales			266	266	262
Cost of Goods Sold:					
Beginning Inventory			20	20	18
Purchases			117	117	125
Freight			57	57	78
Cost of Goods Available			194	194	221
Ending Inventory			0	0	21
Cost of Goods Sold			194	194	200
Gross Margin			72	72	62
Other Income				2	2
Gross Income				74	64
Operating Expenses				35	34
NET INCOME				39	30